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7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 STEVEN BECKER, *et al.*,

11 Plaintiffs,

12 v.

13 ALLCOM, INC., an Alaska corporation, *et*
14 al.,

15 Defendants.

16 Case No. C04-0958L

17 ORDER REGARDING MOTION
18 FOR REASONABleness
19 DETERMINATION

20 This matter comes before the Court on a motion filed by plaintiffs Steven and Rhonda
21 Becker for a determination that the settlement agreement they have entered into with defendant
22 Allcom, Inc. is reasonable under RCW 4.22.060. (Dkt. #108). Plaintiffs seek that determination
23 because the Amyx and Scapier defendants have joint and several liability in this action. The
24 Court conducted a reasonableness hearing on July 5, 2005.

25 In evaluating the motion, the Court has considered the following factors: (1) plaintiffs'
26 damages; (2) the merits of plaintiffs' liability theory; (3) the merits of the released parties'
27 defense theory; (4) the released parties' relative fault; (5) the risk and expense of continued
28 litigation; (6) the released parties' ability to pay; (7) evidence of bad faith, collusion, or fraud,
ORDER REGARDING MOTION
FOR REASONABleness DETERMINATION - 1

1 Scapier and Amyx defendants, who are not being released. See Glover v. Tacoma Gen. Hosp.,
 2 98 Wn.2d 708, 717 (1983), overruled on other grounds by Crown Controls, Inc. v. Smiley, 110
 3 Wn.2d 694 (1988). Although the Amyx defendants argue that the settlement amount is
 4 unreasonably low, the amount is proportionate to the amount of damages sought given that only
 5 plaintiffs' claim under the Washington State Securities Act, RCW 21.20 *et seq.* (the "WSSA")
 6 remains.¹ The Amyx defendants also argue that they received only belated and incomplete
 7 notice of the settlement; however, the notice they received satisfied both the requirements of the
 8 statute and due process. The evidence of Allcom's precarious financial situation highlights the
 9 risk and expense of continued litigation against Allcom. The Court also notes that the Amyx and
 10 Scapier defendants retain their rights against Allcom, and will not be prejudiced by the
 11 settlement.² Finally, the Court's role at this stage of the proceedings is not to determine the
 12 effect of the settlement on the remaining parties' indemnification rights, but rather to ensure that
 13 the settlement is not the product of fraud or a "sweetheart" deal. See, e.g., Schmidt v.
 14 Cornerstone Investments, Inc., 115 Wn.2d 148, 157 (1990) (reviewing legislative history and
 15 noting legislature's concern with claimants entering into sweetheart deals with favored parties).
 16 The Court finds no evidence of fraud or a sweetheart deal.

17 After reviewing the proposed settlement and considering the relevant factors, the Court
 18 finds that the settlement between Allcom and plaintiffs is reasonable, and GRANTS plaintiffs'
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22 ¹ Plaintiffs seek approximately \$1.24 million in damages for their WSSA claim; the
 23 settlement requires Allcom to pay plaintiffs \$900,000 plus interest or shares in a joint venture.

24 ² In their memorandum, plaintiffs requested that if the Court found the settlement
 25 reasonable, then it should dismiss Amyx and Scapier's cross-claims for indemnity and
 26 contribution against Allcom. Plaintiffs' counsel appropriately withdrew the request for that
 27 relief during oral argument. See Zamora v. Mobil Oil Corp., 104 Wn.2d 211, 217 (1985)
 28 (noting that indemnification rights cannot be extinguished by settlement between third parties).

1 request for a finding of reasonableness. (Dkt. #108).

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3 DATED this 18th day of July, 2005.

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7 Robert S. Lasnik
8 United States District Judge